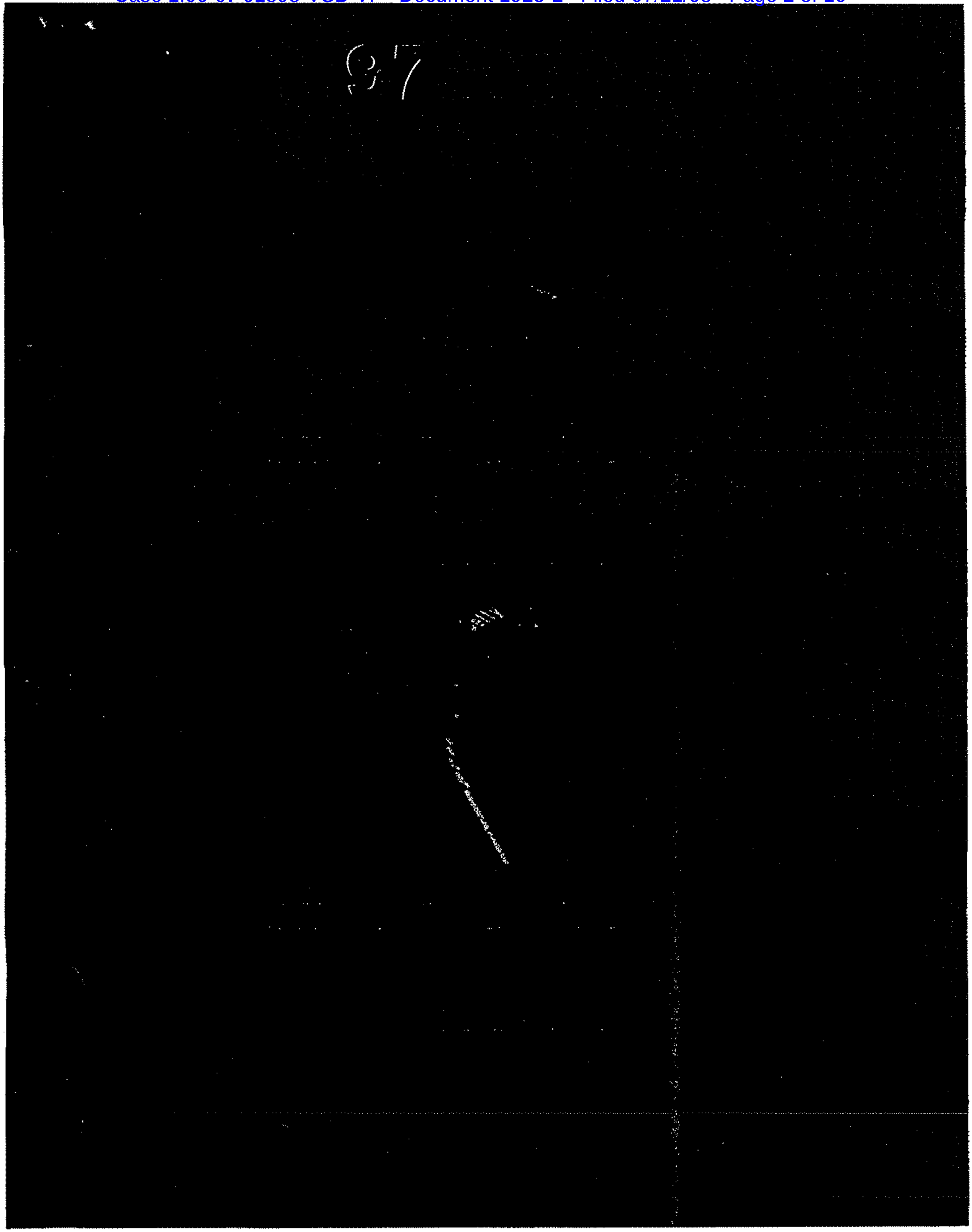
Exhibit 1

97



Dear Fellow Shareholders:

Leo Liebowitz
President and Chief Executive Officer

This Annual Report for the fiscal year ended January 31, 1997 is unique and may even become a collector's item. As a result of the spin-off of our marketing business to the Company's stockholders on March 21, 1997, this will be the last Annual Report that you will receive which will include consolidated results for both the marketing and real estate businesses. In the future, a separate annual report will be issued for each of these two separate public companies—Getty Realty Corp. and Getty Petroleum Marketing Inc. In this report, however, we have devoted separate sections to discussing these businesses and our future plans for each company.

➽ The creation of two distinct businesses will better enable each entity to

➽ Let me start with the fiscal 1997 consolidated financial results, which are discussed in greater detail in Management's Discussion and Analysis of Financial Condition included later in this Annual Report. Revenues increased by approximately 11%, primarily from higher sales prices and an increase of approximately 7% in retail gallonage sold. Rental income from our dealers hit a new record high and

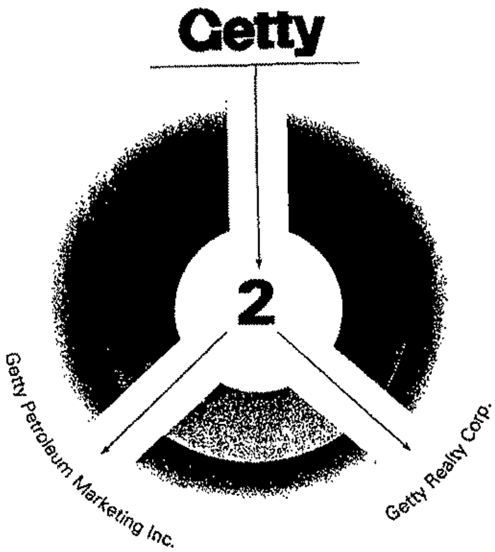
SG&A expenses were at their lowest level since 1985. As a result of a dramatic reduction in debt over the last few years, we have reduced our interest expense to its lowest amount since 1985. However, despite these accomplishments, we did suffer a pre-tax loss of $14.1 million in fiscal 1997, which was principally attributable to the following items: (1) an increase of $21.2 million in our reserve for anticipated future environmental expense for a total reserve of almost $30 million; (2) a non-recurring charge of $5.8 million that related to a litigation settlement involving a former construction company subsidiary; and (3) expenses related to the spin-off of $1.7 million. Had it not been for these items, the Company would have had a pre-tax profit of $14.6 million for the current fiscal year versus a pre-tax profit of $21.5 million last year. In addition, in fiscal 1997 we experienced our lowest retail profit margins on petroleum products in five years.

➽ As you know, the spin-off is in recognition of the fact that the Company's real estate and marketing operations are two distinct businesses with different strategic objectives, market dynamics and capital requirements. This separation will better enable each entity to focus on and take advantage of growth opportunities, and allow investors to benefit from each entity achieving a more appropriate market value. Although we had anticipated completion of the spin-off as of our January 31 fiscal year-end, it was finally accomplished on March 21, 1997, when we completed the last hurdle to the spin-off. In anticipation, the Getty team did a great job of preparing for the spin-off, including separating the organization and assets so that we could, and did, transfer the marketing personnel and assets to Getty Petroleum Marketing Inc., a newly formed subsidiary of the Company. Stockholders of record on March 21, 1997, received a tax-free dividend of one share of Getty Petroleum Marketing Inc. common stock for each share of common stock of Getty Petroleum Corp. The new stock certificates were mailed on March 31, 1997, and on that date Getty Petroleum Corp.'s name was changed to Getty Realty Corp. Getty Realty will continue to be traded on the New York Stock Exchange under the existing symbol "GTY" and Getty Petroleum Marketing Inc. commenced separate trading on the New York Stock Exchange under its own symbol "GPM." GPM started trading on a "when issued" basis on March 27, 1997 and on a "regular way" basis on April 1, 1997. On April 4, 1997, we celebrated Getty Marketing's listing on the New York Stock Exchange when, at the stroke of 9:30 A.M., I rang the opening bell from the Exchange's balcony to initiate trading on that day.

focus on and take advantage of growth opportunities, thereby enhancing overall shareholder value ➽

➽ We have devoted the next section of this Annual Report to the Realty operations and in the section following, there is a discussion of the Marketing operations. I am very excited with the possibilities and opportunities for the future, and I am also pleased that the stock market has given some recognition to our accomplishments to date.

➽ With regard to dividends, at the last Board of Directors meeting of Getty Petroleum Corp. held on March 20, 1997, the Board approved a regular quarterly

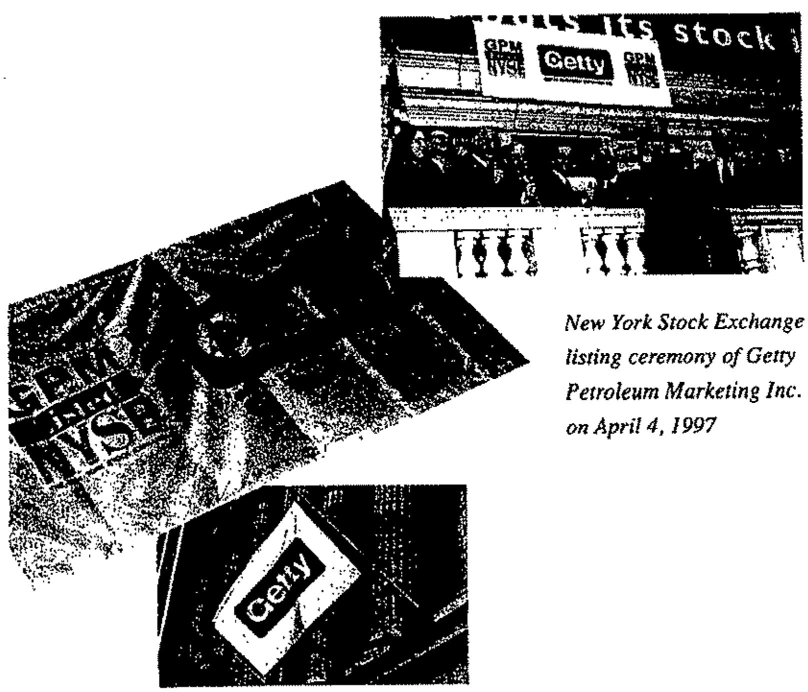


cash dividend in the amount of $.03 per share that was paid on April 22, 1997 to stockholders of record of Getty Realty Corp. as of April 9, 1997. Total cash dividends paid during the last fiscal year amounted to $.12 per share.

➽ At this time, I would like to thank the Getty Realty Corp. Board of Directors for their guidance and wisdom during the past year. I would also like to introduce to the Getty stockholders the Directors of Getty Petroleum Marketing Inc. Please join me in welcoming Matthew J. Chanin, Senior Managing Director of Prudential Capital Group; Ronald E. Hall, Chairman of the Board of Howell Corporation and former President and Chief Executive Officer of CITGO Petroleum Corporation; Richard E. Montag, Vice President—Development of the Richard E. Jacobs Group; and Milton Safenowitz, who also serves as a Director of Getty Realty Corp. These gentlemen bring many years of valuable experience to the Marketing company.

➽ In conclusion, I want to take this opportunity to congratulate and thank everyone on the Getty Team for their dedication in accomplishing this year's results during a very difficult operating environment, and express a special appreciation to our outside consultants and advisors who assisted us in accomplishing the spin-off.

➽ The creation of two distinct businesses will better enable each entity to focus ➽



New York Stock Exchange listing ceremony of Getty Petroleum Marketing Inc. on April 4, 1997

Sincerely,

Leo Liebowitz

Leo Liebowitz
President and Chief Executive Officer
April 22, 1997

The genesis of the new Getty Realty Corp. began in early 1996 when it was decided to separate the Company's real estate business from its petroleum marketing business. The vision was for Getty Realty to become a focused company which specializes in the ownership and long-term lease of properties for the petroleum industry. On March 21, 1997, this vision became a reality with the completion of the spin-off of the marketing business to the Company's stockholders and the change in the Company's name to Getty Realty Corp.

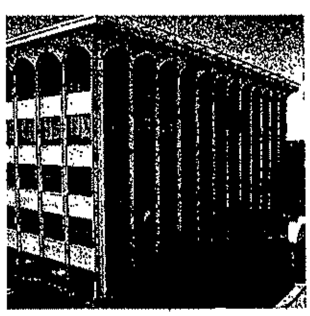
➼ Prior to fiscal 1997, Realty substantially completed a comprehensive five year program of evaluating its properties to determine the long-term viability of its locations as gasoline stations and convenience stores. This process resulted in the divestment of non-strategic and uneconomic retail outlets except for 25 such properties which are expected to be disposed on an expedited basis. The Company's strategic core of more than 1,100 properties is expected to increase substantially in future years, principally through acquisition.

➼ In previous years, the Company had focused its attention on acquiring properties in the Northeastern and Middle Atlantic States where the Getty Marketing business is located. As a result of the spin-off, Realty is now an independent real estate company which will utilize its

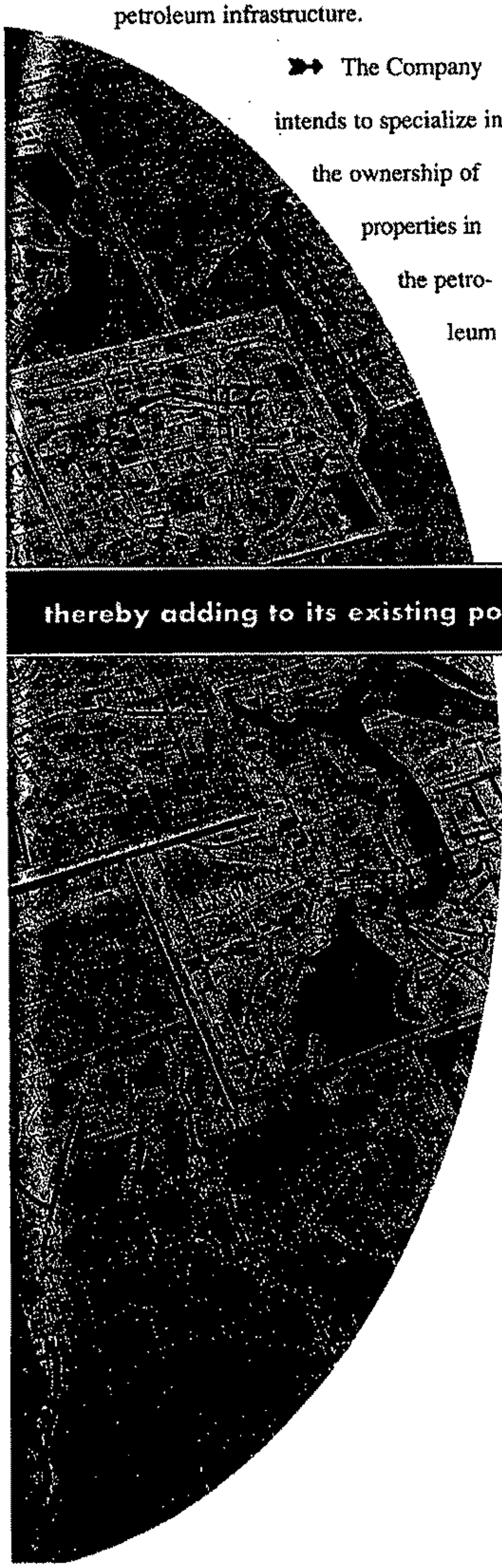
• • • • • • • • • • • • • ➼ Getty Realty Corp. will actively pursue a growth strategy

Tank upgrades and replacements will be completed by December 1998

Getty corporate headquarters in Jericho, New York



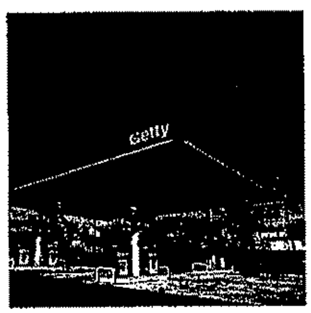
skills and knowledge of the petroleum industry to make acquisitions and enter into lease transactions nationwide. It will no longer be constrained by Marketing's regional presence and petroleum infrastructure.



➽ The Company intends to specialize in the ownership of properties in the petroleum industry since it has substantial knowledge and expertise in this industry, accumulated over many years. Management believes that with its thorough understanding of industry dynamics and its extensive experience in dealing with industry environmental matters, Realty has a unique opportunity to profitably grow its portfolio of properties. In addition, Management's extensive knowledge of industry participants, coupled with the Company's high visibility, will generate numerous growth opportunities. There are many companies that can benefit from an outright sale or a "sale-leaseback" of their properties in order to provide them with a source of capital which may then be used for other purposes.

➽ Realty begins fiscal 1998 with an excellent portfolio of properties which were acquired over a period of more than 35 years. At fiscal year-end, Realty's portfolio consisted of more than 1,100 properties owned in fee or leased on a long-term basis. Realty also retained and continues to own and operate the Pennsylvania and Maryland home heating oil business which has more than 25,000 accounts as of the end of fiscal 1997. The real estate portfolio consists of approximately 1,000

thereby adding to its existing portfolio of properties ➽ • • • • • • • • • • • • • • •



Realty has over 1,100 properties, principally Getty service stations

Property additions are expected to increase stockholder value

service station and convenience store properties and 10 terminal facilities under a master lease with Marketing and 84 properties leased to others.

➽ The properties leased to Marketing are for an initial term of 15 years and include four 10-year renewal options. The remaining properties are leased to other tenants for varying periods of time. The master lease with Marketing is "triple-net" with Marketing assuming responsibility for all property taxes, maintenance, repairs, insurance and other expenses. Although Marketing's operating margins and therefore its financial results may vary from time-to-time, Realty is very comfortable with Marketing's future prospects. Marketing's personnel are highly motivated and the Company has no debt and no known current environmental obligations and most of its capital requirements are discretionary.

➽ Under the lease with Marketing, Realty has retained responsibility for all pre-closing liabilities, including environmental remediation and underground storage tank compliance with the 1998 federal standards, as scheduled in the lease. In this connection, Realty has reserved approximately $30 million, net of expected recoveries from state underground tank funds, to cover expected remediation expenditures and expects to incur an additional $20 million of capital expenditures to upgrade UST's, principally over the next two years.

➽ Realty's mission is to profitably grow its extensive portfolio of properties by acquiring long-term control over additional properties through acquisition or lease on a nationwide basis. We believe that leasing such properties on a long-term, triple-net basis will provide Realty with increasing sources of income and the potential for long-term capital appreciation.

➽ We believe fiscal 1998 will be an exciting year for Getty Realty and a rewarding one for its stockholders.

• • • • • • ➽ Getty Realty Corp. will actively pursue a growth strategy ➽ • • • • • •

Getty Petroleum Marketing Inc. started as an independent company on March 21, 1997 as a result of the tax-free spin-off of its shares to the stockholders of Getty Petroleum Corp., formerly its parent company. Getty Petroleum Marketing Inc. is now operating the petroleum distribution and marketing business consisting of 1,560 retail outlets and 10 proprietary terminals in 12 Northeastern and Middle Atlantic states. Marketing leases more than 1,000 service station and convenience store properties and terminal facilities from Getty Realty Corp., on a long-term basis.

Marketing, which has no debt and no environmental or capital responsibility to upgrade underground storage tanks to comply with the December 22, 1998 Clean Air Act deadline, is focusing its efforts and capital on revenue producing investments. Such investments include site upgrades, new pumps, canopies, and Pay at the Pump electronics to make it easier and more appealing for consumers to purchase Getty products. Historically, a more attractive site has generated more sales and higher profits. Sites previously upgraded have exceeded expectations and projections. Marketing monitors the performance of its capital projects against specific economic criteria and concentrates its efforts in existing geographic areas with the principal objectives of increased profitability and share of market. Management believes the infrastructure is in place to grow without increasing operating expenses.

Winston Churchill said, "I am easily satisfied with the very best."

Strategically located distribution terminal network

Getty products have strong brand identity and acceptance

To meet the challenges, Marketing's strategy is to continue to operate the business with an efficient, well trained and highly motivated team. Personnel is empowered to make sound business decisions at the field level and Marketing will continue to provide the tools and support needed to profitably grow the business.

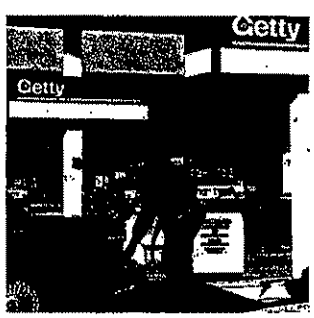
➻ Although technology has changed dramatically in the petroleum business, the basics of operating a successful petroleum marketing company have not changed. Retail gasoline customers continue to desire a quality product at a competitive price with fast and friendly service, at modern, well-illuminated service stations.

➻ The marketing strategies of Getty Petroleum Marketing Inc. have been designed to meet these consumer desires. In this regard, Marketing has established a Retail Standards Program, to ensure that management will succeed in delivering the quality buying experience that customers deserve. The Retail Standards Program, which was implemented last year, has resulted in marked improvements in the service and appearance of Getty stations. However, there is still a way to go to achieve targeted results. The program scores the performance of each retail site against a definitive score which each outlet is expected to meet. "Mystery" shoppers are also used to give an objective view and to measure performance. Service is fundamental to improving profitability and volume, and to giving customers "the best buying experience."

➻ Marketing continues to build and improve its alliance with its retail

Truck fleet provides efficient and dependable product deliveries

Retail customers receive quality service at modern facilities



dealers and distributors. A strong partnership yields higher profits for all. A healthy dealer network is important to the success of the Company. Field managers provide expert guidance and training to dealers to improve the marketing of gasoline and other products and services. Concentration is on customer service, sales skills and marketing programs to generate more overall sales and profit.

➽ Marketing's retail volume increased by approximately 7% last year as compared to industry growth of approximately 2%. The Company's growth in volume was principally due to the Retail Standards Program, capital projects and other marketing programs such as its fleet and retail credit card programs. Marketing's growth also depends on its ability to lease new outlets and contract with new independent dealers and distributors. The Company has developed an aggressive new dealer and distributor program designed to meet the competition head on to ensure that Getty is the brand of choice. Marketing's most significant growth, however, will come from the upgrading of existing outlets and acquisitions.

➽ The ability to continue to secure the highest quality petroleum products on the most cost effective basis is fundamental to success. Marketing has agreements with numerous suppliers and refiners. Management believes that Marketing, with its substantial petroleum product requirements and its strategically located distribution terminal network, will continue to acquire petroleum products on very competitive terms. Petroleum prices are volatile and, in order to properly manage volatility, Marketing operates a "just in time" inventory program to minimize market risk. Management continually monitors market conditions and its product needs to most effectively supply its distribution system.

➽ Marketing also owns and operates Kingston Oil Supply Corp., a full-service retail and wholesale heating oil company, located in the mid-Hudson Valley of New York. The company, which markets as KOSCO, is the leading fuel oil retailer and has the largest market share in its geographic area with more than 26,000 accounts. While a somewhat different business than gasoline marketing, the same customer focus applies to successfully operating a fuel oil business. Although consumption of heating oil has been declining, principally due to new more efficient heating units and conservation, KOSCO's volume has been relatively stable because of its excellent reputation for service and its specialized marketing programs.

➽ Fiscal 1998 will be very exciting. Although Getty Petroleum Marketing Inc. is a new entity, it is a company with a long heritage and a strong brand identity. Its strengths are numerous. Marketing has a committed organization, poised to accomplish its objectives to grow the business and increase profitability.

Getty Petroleum Marketing Inc. Financial Highlights and Selected Data *(a)*

Getty Petroleum Marketing Inc.

(in thousands, except number of retail outlets)	**1997**	*1996*	*1995*	*1994*	*1993*
Fiscal year ended January 31,					
Net sales	**$855,076**	$758,887	$723,875	$747,667	$878,937
Rental income	**33,312**	32,025	29,860	28,443	27,324
Other income	**155**	282	—	175	395
Total revenues	**888,543**	791,194	753,735	776,285	906,656
Net earnings (loss)	**(15,225)** *(b)*	3,664	(2,434)	1,818	(7,303)
Depreciation and amortization	**13,922**	13,099	11,640	11,718	11,491
Capital expenditures	**14,259**	15,858	16,787	14,306	12,211
As of January 31,					
Current assets	**45,209**	37,834	32,253	30,960	34,892
Equipment, net	**84,469**	84,116	82,227	77,453	73,860
Total assets	**131,914**	124,498	117,097	111,515	112,413
Current liabilities	**44,109**	46,557	55,474	47,385	53,107
Capitalization—					
Stockholders' equity	**$ 57,845**	$ 50,311	$ 37,061	$ 41,991	$ 39,811
Common shares outstanding	**12,697**	12,659	12,644	12,631	12,613
Other Data					
Number of retail outlets as of January 31	**1,560**	1,625	1,751	1,865	2,100
Motor fuel gallonage sold	**1,006,219**	966,313	971,409	988,580	947,627

(a) The financial information is presented for informational purposes only and is not necessarily indicative of the financial results that would have occurred had Marketing been operated as a separate, stand-alone entity during such periods nor is it necessarily indicative of future results.

(b) Includes after-tax charge of $12,323 related to revision of estimate of future environmental remediation costs.

Environmental exposures are difficult to assess and estimate for numerous reasons, including the extent of contamination, alternative treatment methods that may be applied, location of the property which subjects it to differing local laws and regulations and their interpretations, as well as the time it takes to remediate contamination. In developing the estimates of environmental remediation costs, consideration is given to, among other things, enacted laws and regulations, assessments of contamination, currently available technologies for treatment, alternative methods of remediation and prior experience. Estimates of such costs are subject to change as contingencies become more clearly defined and remediation treatment progresses. For the fiscal years ended January 31, 1997, 1996 and 1995, net environmental expenses included in the Company's cost of sales amounted to $34,162,000, $14,346,000 and $11,769,000, respectively, which amounts were net of probable recoveries from state UST remediation funds.

During the fourth quarter of fiscal 1997, the Company's Board of Directors formally approved the distribution of its petroleum marketing business to its stockholders. Under a master lease between the Company, as lessor, and Marketing, as lessee, the Company committed to a program to bring the leased properties to regulatory closure and, thereafter, transfer all future environmental risks from the Company to Marketing. In order to establish the Remediation Costs obligation and estimate the incremental cost of accelerated remediation, the Company commissioned a detailed property-by-property environmental study of all retail outlets, with the objective of achieving closure in approximately five years. This acceleration program, utilizing new, more effective remediation techniques, will result in a substantial increase in environmental costs over those that had been previously identified and accrued, as the acceleration program contemplates the use of additional active remediation systems at many sites in lieu of relying on periodic monitoring and natural attenuation permitted by applicable environmental regulations. As a result, the Company revised its estimate of future Remediation Costs in the fourth quarter of fiscal 1997 and recorded a pre-tax charge in such quarter for Remediation Costs of $21.2 million. The pre-tax charge resulted from the acceleration of remediation activities to be paid by the Company through more aggressive means of treating contaminated sites to bring them to closure in approximately five years, which resulted in significant incremental Remediation Costs, changes in estimated Remediation Costs at previously identified properties, including costs to be incurred in connection with UST upgrades, and additional charges to comply with AICPA Statement of Position 96-1, "Environmental Remediation Liabilities."

The Company has agreed to pay all costs relating to, and to indemnify Marketing for, all scheduled known pre-distribution environmental liabilities and obligations, all scheduled future upgrades necessary to cause USTs to conform to the 1998 federal standards, and all environmental liabilities and obligations arising out of discharges with respect to properties containing USTs that have not been upgraded to meet the 1998 federal standards that are discovered prior to the date such USTs are upgraded to meet the 1998 federal standards (collectively, the "Realty Environmental Liabilities"). The Company will also collect recoveries from state UST remediation funds related to the Realty Environmental Liabilities.

As of January 31, 1997 and 1996, the Company had accrued $46,134,000 and $19,974,000, respectively, as management's best estimate for environmental remediation costs. As of January 31, 1997 and 1996, the Company had recorded $16,217,000 and $15,878,000, respectively, as management's best estimate for recoveries from state UST remediation funds. The current portion of such estimated recoveries is $2,865,000 and $6,440,000, respectively, and is included in prepaid expenses and other current assets, while the noncurrent portion is included in other assets in the consolidated balance sheets. In view of the uncertainties associated with environmental expenditures, however, the Company believes it is possible that such expenditures could be substantially higher. Any additional amounts will be reflected in the Company's financial statements as they become known. Although environmental costs may have a significant impact on results of operations for any single fiscal year or interim period, the Company believes that such costs will not have a material adverse effect on the Company's financial position.

The Company cannot predict what environmental legislation or regulations may be enacted in the future or how existing laws or regulations will be administered or interpreted with respect to products or activities to which they have not previously been applied. Compliance with more stringent laws or regulations as well as more vigorous enforcement policies of the regulatory agencies or stricter interpretation of existing laws which may develop in the future, could have an adverse effect on the financial position or operations of the Company and could require substantial additional expenditures for future remediation or the installation and operation of required environmental or pollution control systems and equipment.

Exhibit 2

Getty

	Home		Properties for Lease		Press Releases		SEC Filings		Corporate Governance		Dividend Options		Dividend Tax Data	

Getty Realty Corp.

125 Jericho Turnpike
Suite 103
Jericho, New York 11753
(516) 478-5400

Company Profile:
We are the largest publicly traded real estate investment trust specializing in the ownership and leasing of service stations, convenience stores and petroleum distribution terminals in the United States. We provide financing to the petroleum and convenience store industries for acquisitions, site upgrades and refinancing through our sale/leaseback and net lease financing programs. We own or lease over 1,100 service station and convenience store properties and nine petroleum distribution terminals in twenty states.

We were founded in 1955 with the ownership of one gasoline service station in New York City and historically operated as an integrated wholesale and retail marketer and owner of gasoline stations. As our business grew, we combined real estate ownership, leasing and management with petroleum supply and distribution. We had our initial public offering in 1971 under the name Power Test Corp. In 1997, we spun-off our petroleum marketing business to our shareholders as a separate NYSE listed company, Getty Petroleum Marketing Inc., which was acquired in 2000 by a subsidiary of OAO Lukoil, one of Russia's largest integrated oil companies.

We lease approximately 90% of our properties to Getty Petroleum Marketing Inc. on a long-term net basis. The balance of the properties are leased to individual operators and petroleum distributors.

Net Lease and Sale/Leaseback Financing:
Kevin Shea, Executive Vice President
Toll Free: (866) 399-4335 ext. 5480
Direct Dial: (516) 478-5480 or (860) 537-0366
Fax: (516) 478-5476
Email: kshea@gettyrealty.com

Board of Directors:
Milton Cooper - Chairman of the Board of Kimco Realty Corporation

Philip E. Coviello - Retired Partner of Latham and Watkins LLP
David B. Driscoll - Managing Partner, Morgan Joseph & Co., Inc.
Leo Liebowitz - Chairman of the Board and Chief Executive Officer of Getty Realty Corp.
Howard Safenowitz - President, Safenowitz Family Corp.

Executive Officers:
Leo Liebowitz - Chairman of the Board and Chief Executive Officer
Kevin C. Shea - Executive Vice President
Thomas J. Stirnweis - Vice President, Treasurer and Chief Financial Officer
Joshua Dicker - General Counsel and Corporate Secretary (as of February 1, 2008)

Common Stock:
Our Common Stock is listed on the New York Stock Exchange under the symbol GTY.

Shareholders:
We have approximately 24,800,000 outstanding shares of common stock owned by over 14,000 shareholders.

Transfer Agent and Dividend Reinvestment Plan Information:
Registrar and Transfer Company
10 Commerce Drive
Cranford, New Jersey 07016
(800) 368-5948
www.rtco.com

Contact Investor Relations:
e-mail requests for information
e-mail questions or comments

	Home		Properties for Lease		Press Releases		SEC Filings		Corporate Governance		Dividend Options		Dividend Tax Data	

Employees only:
Web Access